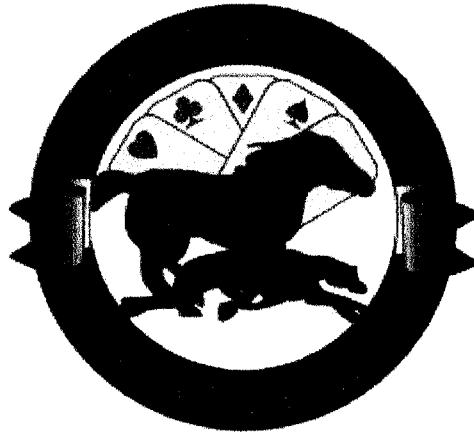


# **Kansas Racing and Gaming Commission**



**Annual Report**  
**2004-2005**

**MISSION STATEMENT  
OF THE  
KANSAS RACING AND GAMING COMMISSION**

The multimillion dollar racing and gaming industries provide far reaching economic benefits for Kansans. The Kansas Racing and Gaming Commission is dedicated to protect the integrity of these industries through enforcement of Kansas laws and is committed to preserving and instilling public trust and confidence.



# KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 31, 2006

The Honorable Kathleen Sebelius  
Governor, State of Kansas  
Statehouse, Room 212-S  
Topeka, Kansas 66612-1590

Dear Governor Sebelius:

This is the 2004/2005 Annual Report of the Kansas Racing and Gaming Commission (KRGK/commission). The report is a narrative and statistical summary of the KRGK's regulatory responsibilities for calendar and fiscal years 2004/2005.

During 2005, two facilities licensed by the KRGK continued to offer year-round greyhound racing. The Woodlands, located in Kansas City, offered 237 days of live greyhound racing, with 285 live racing performances. Wichita Greyhound Park (WGP), located in Valley Center, offered 254 days of live greyhound racing, with 305 live racing performances. Together, this accounted for approximately 8,723 live greyhound races. In addition, the Woodlands offered 26 days of live horse racing, with 263 races being run during September and October 2005. Since closing in November 2000, Camptown Greyhound Park, located in Frontenac, has conducted no racing activity.

Eureka Downs, located in Eureka, offered 19 days of live horse racing, with 519 races run during the months of May, June and July 2005. Anthony Downs, located in Anthony, offered 6 days of live horse and greyhound racing, with 45 horse and 41 greyhound races.

In addition to live racing, the Woodlands and WGP offered simulcast greyhound and horse racing in 2005. Eureka Downs offered only simulcast horse racing. The Woodlands also used simulcasting to provide their horse and greyhound races to other locations throughout the country. The amount wagered on races at the Woodlands that are simulcast to other racetracks continues to be a bright spot, with an increase of 5.7 percent over 2004.

For 2006, the KRGK has approved the Woodlands to offer 264 days of live greyhound racing, with 298 performances, and 30 days of live horse racing; WGP has

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been approved to offer 255 days of live greyhound racing, with 309 performances; Eureka Downs has been approved to offer 18 days of live horse racing; and Anthony Downs has been approved to offer 6 days of live horse and greyhound racing.

The spring of 2005 visited significant change on the commission. Three commissioners – Glenn Braun of Hays, William Falstad of Independence and Kristine McKechnie of Arcadia – were appointed and confirmed. Carol Sader of Prairie Village assumed the chairmanship of the commission. Additionally, Stephen Martino of Topeka was appointed and confirmed to the position of executive director. In an effort to educate the commission and refresh staff, two orientation sessions were conducted in 2005. The first familiarized commissioners with agency operations and staffing assignments. The second provided an opportunity for stakeholders and groups interested in Kansas racing and its parimutuel industry to discuss their operations and activities.

During the past year, the commission amended its policy for conducting background investigations to create uniformity in the application of this process. It adopted an infants-at-work program, which saw some initial use as two fathers brought their infant daughters to the office on a limited basis. Also, the commission adopted a new policy for hearing regulatory violations, requiring three commissioners to serve on a hearing panel. The hearing panels provide commissioners an opportunity to gain greater knowledge of track operations and violations that occur within the Kansas racing and parimutuel industry.

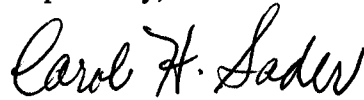
In 2005, the greyhound industry nationwide again encountered a severe strain of the kennel cough virus. This infection prompted the KRGC to quarantine both greyhound racetracks operating in Kansas at various times. The Woodlands stopped racing between April 24 and May 5 because the virus had infected too many dogs to keep an adequate racing schedule. The Woodlands ran a reduced number of races from May 6 to May 14 because of the same reason. By May 15, enough greyhounds had been successfully treated to allow for the running of full race cards. WGP offered a full live racing program throughout this period and did not lose any days of live racing because of kennel cough virus.

The Woodlands experienced a slight increase in attendance of 2.3 percent, or 306,539 visitors. However, all handle categories were down, with live greyhound handle, including the off-track wagering of the Woodlands greyhound outbound signal, down 10.7 percent to \$17,559,317.80. The simulcast handles at the facility were down 7 percent to \$42,296,629.60. In total, all handles were down 8.2 percent to \$59,753,783.40.

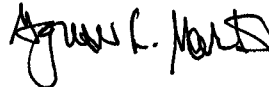
WGP, unfortunately, saw a significant decrease in attendance, down by 8.9 percent to 156,490 visitors. This also foretold of decreases in handle, too. Live handle was down 17.88 percent to \$6,654,561.80. (WGP does not send out its races.) Simulcast handle was down 10.4 percent, to \$22,849,201.50. Total handles were down 12.2 percent to \$29,503,763.30.

The KRGC will continue to work diligently to assist the racing community and will continue to ensure the integrity of parimutuel racing in Kansas. The KRGC looks forward to working with you and your staff, the Legislature and other state agencies in carrying out its responsibilities.

Respectfully,



Carol H. Sader, Chair  
Kansas Racing and Gaming Commission



Stephen L. Martino, Executive Director  
Kansas Racing and Gaming Commission

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# KANSAS

KANSAS STATE GAMING AGENCY  
JOHN McELROY, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

May 31, 2006

Honorable Kathleen Sebelius  
Governor of Kansas  
Statehouse  
Topeka, Kansas 66612

Dear Governor Sebelius:

In 1995, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe, and the Sac and Fox Nation of Missouri in Kansas each signed a Tribal State Compact with the State of Kansas. By 1998, each had opened its own casino in Kansas. Each of the casinos continues to operate today. Each is regulated by a Tribal Gaming Commission. The gaming activities of each are monitored by the Kansas State Gaming Agency. According to KSA 74-9805, the Agency has jurisdiction over gaming activities conducted pursuant to a Tribal State Compact. The Agency has jurisdiction over no other types of gambling, legal or illegal, or alcoholic beverage dispensing or use.

The Kansas State Gaming Agency is responsible for conducting background investigations on all employees connected with the gaming operations at each casino. The Agency is also responsible for conducting background investigations on all vendors who sell more than \$10,000 per year in gaming equipment to a casino in Kansas. The Agency does original background investigations as well as addenda, upgrades and renewals of investigations which have been done in the past. In FY 2005, the tribes submitted 730 background investigation requests of employees to the Agency. In addition, KSGA performed 25 vendor or manufacturer background investigations in FY 2005. Currently, employee background investigations of all types are being completed in an average time of about 37 days, a decrease from 41 days in FY 2004.

Licensing of gaming employees and vendors is done entirely by the Tribal Gaming Commissions. The Agency can and does occasionally object to particular applicants.

Key employee investigations, vendor, and tribal gaming inspector investigations are completed by enforcement agents. Frequently these investigations involve travel out of state. Vendors typically pay the expenses of the Agency for their background investigations. All other gaming employee (dealers, security, hard and soft count, cage, slot techs) investigations are completed by special investigators who are not sworn law enforcement officers. The four casinos and commissions currently have about 1113 casino gaming employees and 38 tribal gaming inspectors. The Agency contributes varying amounts of background information on each.

Nine enforcement agents, sworn law enforcement officers, conduct inspections and monitor gaming activity at the four casinos. Currently there are 2827 electronic gaming devices (slot machines), up from 2683 in FY 2004. During FY 2005, 469 electronic gaming devices were inspected. Because of an ongoing arbitration, one casino experienced slot machine inspection during only one month of FY 2005. There were approximately 2100 electronic gaming devices in Kansas in FY 1999. There are currently 66 table games (blackjack, poker, craps and roulette) at the four casinos in Kansas. In FY 1999, there were 76 table games.

For the past several years, the Agency shared an executive director with the Kansas Racing Commission. Since April, 2003, the Agency has had a full time executive director.

Enforcement agents of the Agency investigated several criminal cases the past three years. One case involved an employee who allegedly possessed unauthorized computer files from a previous gaming employer. The guilty verdict in that case has been recently upheld in part by the Kansas Supreme Court. One charge was remanded. In one case a patron attempted to use counterfeit bills in a slot machine. He pled guilty after an investigation by KSGA. The final case involved two out of state patrons who are alleged to have attempted to cheat a slot machine. One person has pled guilty in that case. In each of these cases, at least one person was apprehended and charged. KSGA is currently investigating several cases of counterfeit checks which have been passed at Kansas casinos.

An investigation that began in FY 2003 has resulted in a former agent of the Arizona Department of Gaming (ADOG) and the president of a slot machine distributor being indicted in Arizona for bribery in early FY 2005. The information was initially developed by KSGA and relayed to ADOG who requested an investigation by the Arizona Attorney General. A license application for the slot machine distributor in Arizona is still pending and being opposed by ADOG.

Late in FY 2003, the Agency upgraded its computer system to a server based network connected to high speed internet access with backup capabilities. Each employee now has access to the internet as well as access to email. Email is now regularly used to transmit information to and from employees. This purchase has greatly increased the efficiency of the Agency.

In late FY 2004, KSGA purchased a document imaging system from a Topeka based company. The system uses high speed scanners and hard discs on the server to store electronic images of documents. In addition, the software provides statistical data for evaluating agency performance as well as individual employee performance. The system will mean that KSGA will reduce the amount of floor space devoted to storing documents in the future as well as providing quick access to past case files. This system will permit tribes to transmit disclosure forms and attached documents to KSGA electronically if they have compatible systems.

The operating budget for the Agency in FY 1999 was \$1,366,000. Six years later, in FY 2005, the operating budget proposal for the Agency is \$1,701,030, an increase of \$335,030, which is an increase of just over 24% over seven years. Salaries compose about 73% of the Agency's budget. After the FY 2006 assessment letter was sent out, KSGA conducted a detailed examination of the budget and made adjustments to several budget categories to more accurately reflect the actual expense history of the Agency. That examination resulted in a budget proposal for FY 2006 of \$1,718,850, an increase of \$118,471 or 7.4% from FY 2005. That increase can be found in an increase of \$43,302 in rent for new offices, \$72,304 for the 27<sup>th</sup> check and employee cost of living increases and \$8606 in additional charges from DISC .

In FY 1999, there were 20 employees in the Agency. In FY 2006, there are 21 plus some vacant positions that may be filled sometime in FY 2006. One enforcement agent position has been added in the past five years. The Agency has approval for and may hire a full time lawyer for FY2006. There are an increasing number of issues that will require considerable complex legal work in the future.

The Agency's budget is funded entirely by contributions from the tribes. Under the Tribal State Compacts, the tribes are not required to make any other contributions to the State of Kansas. The only exception to the tribes funding the costs of the Agency occurs if the Agency is ordered to pay any expenses of arbitration. In FY 2003 arbitration expenses amounted to \$2900. There were no arbitration expenses in FY 2004. In FY 2005, an arbitration was settled and the Agency paid \$5355 in agreed arbitration expenses .

On July 1 of each year, KSGA borrows \$450,000 from the State General Fund to cover expenses until tribal contributions are made. Unspent tribal contributions from the previous year are returned to the tribes in the form of a credit against the next fiscal year's assessment. Essentially the Agency has no carryover and starts from zero each year. The entire amount borrowed is repaid during the course of the fiscal year following receipt of tribal assessment payments. To date, \$300,000 has been repaid in FY 2006.

Each year at the end of July, the Agency determines its budget, subtracts any funds unspent from the previous fiscal year, and then sends a letter of assessment to each tribe. Along with the assessment letter, the Agency includes a copy of each tribe's account and a list of each and every voucher used to pay Agency expenses during the past fiscal year. This list includes an explanation of each expense. The tribes have a period to object to their assessments. Assessments are due September 21, January 1, and April 1 of each year. As of this date, each tribe is paid up to date. There was one objection to the FY 2006



assessment. That tribe sent a copy of their letter of objection to the members of the Joint Committee on State Tribal Relations. A letter of explanation was sent to the tribe and copied to members of the committee and to your office. It should be noted each tribe's average assessment actually decreased by \$2446.60 for FY 2006 from FY 2005.

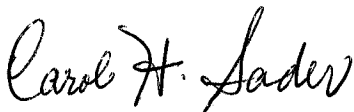
Previously, the tribes were each assessed three equal payments over the year. As a result of an arbitration that was completed during FY 2003, the first assessment due in September is now adjusted. The payment is adjusted to reflect the cost of conducting background investigations for each tribe. The casinos vary widely in size and in numbers of employees. Consequently, the numbers of background investigations also vary widely. This disparity is now accounted for in the first assessment of the fiscal year. The other two assessment amounts are equal among the tribes.

There were two arbitrations active in FY 2005. Both concerned the right of the Agency to inspect electronic gaming machines at one casino. Those arbitrations were settled through negotiation in FY 2005.

In FY 2005, KSGA moved to new office space in the Eisenhower Office Building. This increased KSGA office space from about 4500 square feet to about 6500 square feet. The new office space includes a conference room capable of seating 23 comfortably. With the addition of this new space, KSGA began a new program in which tribal gaming employees are invited to attend agent training that is sponsored by our Agency. During calendar year 2005, the Agency presented 23 training classes on such topics as slot machine technology, fraud, identity theft, interviewing skills and report writing. The classes were attended by KSGA agents and employees from all four tribes. The classes had a total of 498 students.

The increased space also permitted room for KSGA to have gaming equipment for agents to train on.

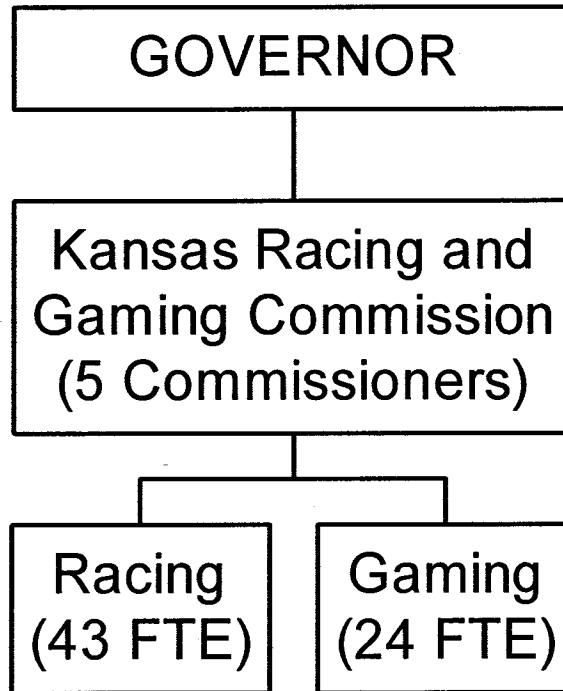
There is still a proposed compact negotiated between a consortium involving the Kickapoo and Sac and Fox tribes in Kansas and the Governor's Office to build and operate a destination casino in Wyandotte County. It is unknown if this proposed compact will be considered for approval by the 2006 Legislature. If this proposal or any other tribal proposal becomes a reality, the Agency will undergo some dramatic changes and expansion in a short time to fulfill those additional responsibilities.



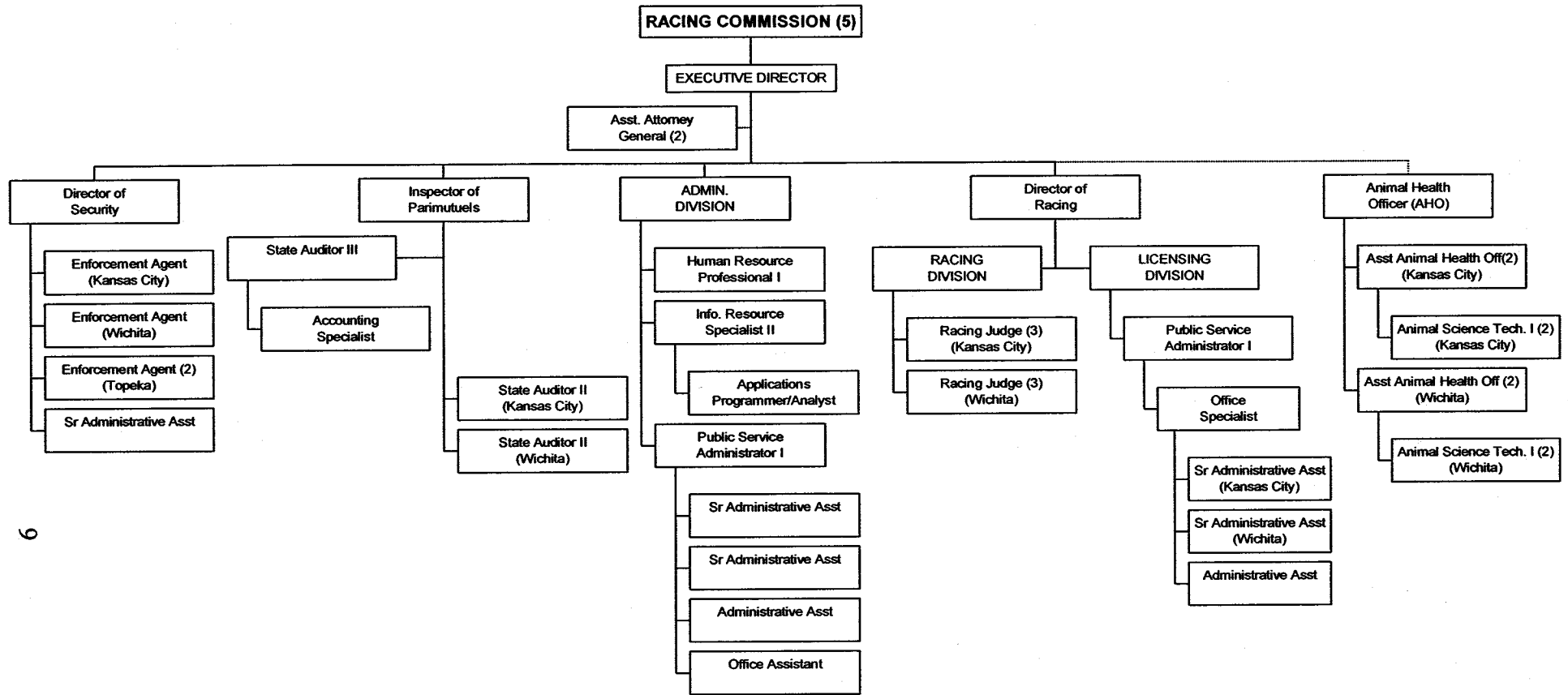
Carol Sader  
Chair  
Kansas Racing and Gaming Commission



John E. McElroy  
Executive Director  
State Gaming Agency



# KANSAS RACING AND GAMING COMMISSION



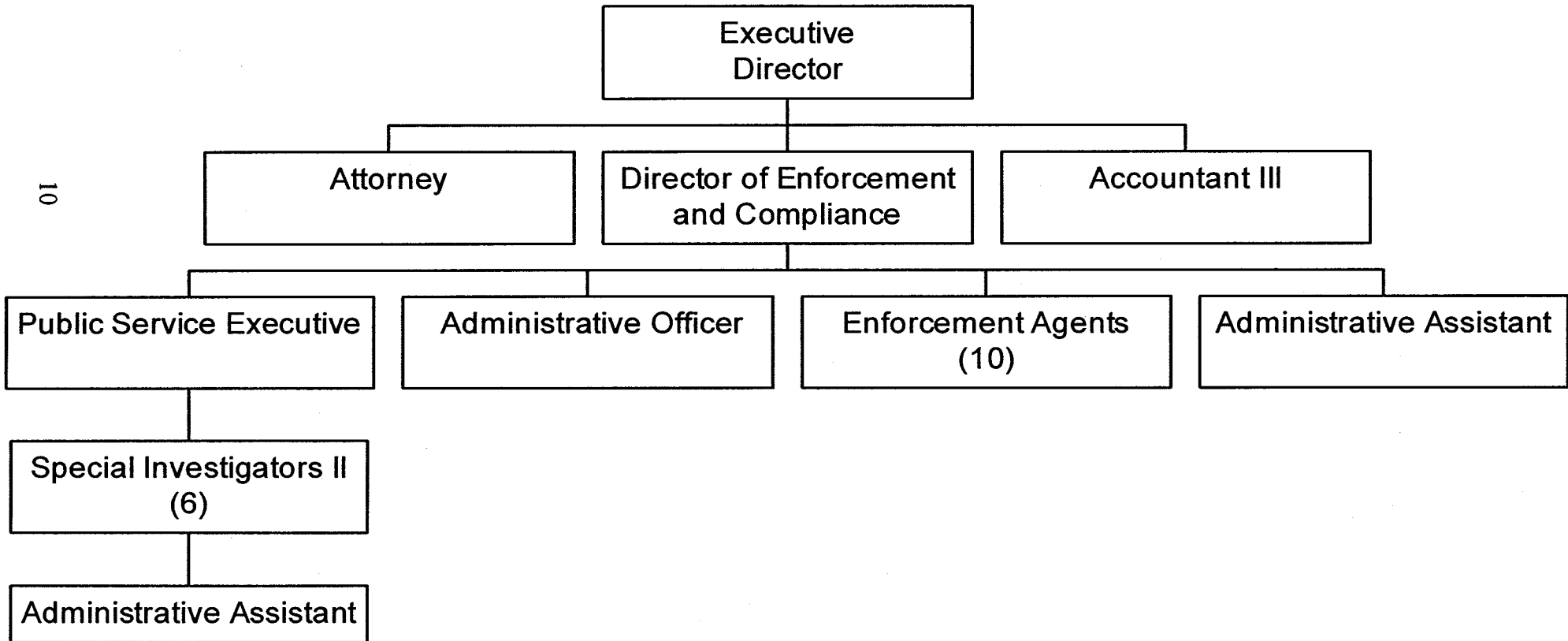
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\* The Assistant Attorney General positions report to the Attorney General's Office but are counted in the Racing Commission's FTE allotment. The Executive Director supervises the day-to-day legal operation duties.

\*\* The Animal Health Officers are under the direction of the Racing Commission and supervised by the Executive Director.

Note: Camptown Greyhound Park in Frontenac, Kansas, ceased operations in November 2000.

# STATE GAMING AGENCY





## Kansas Racing and Gaming Commissioners

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Carol Sader  
Chair  
Prairie Village, Kansas

Stanley M. Teeter, DVM  
Vice-chair  
Topeka, Kansas

Glenn Braun  
Secretary  
Hays, Kansas

William J. Falstad  
Commissioner  
Independence, Kansas

Kristine McKechnie  
Commissioner  
Arcadia, Kansas



## Racing Program Executive Staff



Stephen L. Martino  
Executive Director

Frances K. Snell  
Deputy Director / Director of Racing

D. Bryce Peckham, DVM  
Animal Health Officer

Charles LaBoy  
Accounting/Auditing

Kit A. Bostrom  
Director of Licensing

James Glackin  
Assistant Attorney General

Stephen Durrell  
Assistant Attorney General



## **Racing Program Offices**



### **Topeka Office**

Kansas Racing and Gaming Commission  
Eisenhower State Office Building  
700 SW Harrison  
Suite 420  
Topeka, Kansas 66603-3754  
Phone: (785) 296-5800  
Fax: (785) 296-0900  
Homepage: [www.kansas.gov/krc/](http://www.kansas.gov/krc/)  
E-mail: [krgc@ksracing.org](mailto:krgc@ksracing.org)

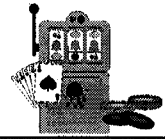
### **Field Offices**

Kansas Racing and Gaming Commission  
c/o The Woodlands  
P.O. 12694  
99th Street and Leavenworth Road  
Kansas City, Kansas 66112  
Phone: (913) 788-3621  
Fax: (913) 788-3881  
E-mail: [kracing@worldinter.net](mailto:kracing@worldinter.net)

Kansas Racing and Gaming Commission  
c/o Wichita Greyhound Park  
P.O. Box 425  
1500 East 77th Street North  
Valley Center, Kansas 67147-0425  
Phone: (316) 755-2736  
Fax: (316) 755-3294  
E-mail: [kracing@sbcglobal.net](mailto:kracing@sbcglobal.net)



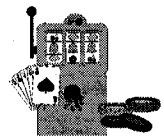
## Gaming Program Executive Staff



John E. McElroy, JD, CFE  
Executive Director

Don Brownlee  
Director of Enforcement and Compliance





## Gaming Program Offices

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### Topeka Office

State Gaming Agency  
Eisenhower State Office Building  
700 SW Harrison  
Suite 530  
Topeka, Kansas 66603-3754  
Phone: (785) 368-6202  
Fax: (785) 291-3798  
Homepage: [www.ksgaming.org](http://www.ksgaming.org)  
E-mail: See e-mail address list on website



**Racing and Gaming Commission Fund Activity**  
Fiscal Years 2004 and 2005



	State Racing Fund	Horse Fair Racing Benefit Fund	Horse Breeding Development Fund	Racing Investigative Expense Fund	Greyhound Breeding Development Fund	Racing Reimbursable Expense Fund	Racing Applicant Deposit Fund	Tribal Gaming Fund	Totals
<b>FY 2004</b>									
Beginning balance (7-1-03)	\$ 445,251	\$ 364,265	\$ 202,867	\$ 19,892	\$ 371,144	\$ 31,334	\$ 828	\$ 831,002	\$ 1,821,193
Prior period adjustments	15,758	8,630	250	-	-	-	1.00	(546)	24,093
<b>Receipts</b>									
Revenue	2,901,955	873,695	472,231	-	327,702	33,804	9	1,198,991	5,808,387
Operating transfer	-	-	-	-	-	-	-	-	-
General Fund transfer	-	-	-	-	-	-	-	450,000	450,000
<b>Disbursements</b>									
Operating expenditures	(2,671,003)	(869,258)	(552,107)	-	(623,046)	(40,046)	-	(1,270,557)	(6,026,017)
State Gaming Revenue Fund transfer	(265,613)	-	-	-	-	-	-	-	(265,613)
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Tourism Fund transfer	-	-	-	-	(49,155)	-	-	-	(49,155)
General Fund transfer	(12,547)	(300,497.00)	-	-	-	-	-	(897,100)	(1,210,144)
KSIP expenditures	(15,441)	-	-	-	-	-	-	-	(15,441)
Ending balance (6-30-04)	\$ 398,360	\$ 76,835	\$ 123,241	\$ 19,892	\$ 26,645	\$ 25,092	\$ 838	\$ 311,790	\$ 552,744
<b>FY 2005</b>									
Beginning balance (7-1-04)	\$ 398,360	\$ 76,835	\$ 123,241	\$ 19,892	\$ 26,645	\$ 25,092	\$ 838	\$ 311,790	\$ 552,744
Prior period adjustments	9,937	8,978	-	-	-	2,516	-	3,076	24,506
<b>Receipts</b>									
Revenue	2,652,917	804,001	466,174	-	295,321	31,930	17	1,440,027	5,690,387
General Fund transfer	-	-	-	-	-	-	-	450,000	450,000
<b>Disbursements</b>									
Operating expenditures	(2,711,827)	(812,699)	(459,167)	-	(276,864)	(34,388)	-	(1,370,570)	(5,665,516)
State Gaming Revenue Fund transfer	-	-	-	-	-	-	-	-	0
Operating transfer	-	-	-	-	-	-	-	-	-
Greyhound Tourism Fund transfer	-	-	-	-	(44,298)	-	-	-	(44,298)
General Fund transfer	(10,972)	(565)	-	-	-	-	-	(444,645)	(456,182)
KSIP expenditures	-	-	-	-	-	-	-	-	0
Ending balance (6-30-05)	\$ 338,414	\$ 76,550	\$ 130,249	\$ 19,892	\$ 804	\$ 25,150	\$ 855	\$ 389,677	\$ 551,642



## **Racing and Gaming Commission Funds Fiscal Year 2005**



### **State Racing Fund - K.S.A. 74-8826**

All taxes on live parimutuel wagering, admissions tax, application fees, license fees, and fines that were collected by the Commission were credited to the State Racing Fund. Two-thirds of the parimutuel taxes on simulcast performances were credited to the State Racing Fund. All operating expenses of the Commission were paid from the State Racing Fund.

### **Horse Fair Racing Benefit Fund - K.S.A. 74-8838**

This fund's revenue is derived from one-third of the parimutuel taxes from simulcast races. The Commission distributes monies from the fund for expenses related to the conduct of race meets conducted by a fair association or horsemen's nonprofit organization.

### **Horse Breeding Development Fund - K.S.A. 74-8829**

This fund's revenue is derived from breakage and unclaimed winning tickets from live and simulcast horse performances. The funds are distributed by the Commission for purse supplements, stakes races, and breed awards to animals registered in the Kansas Bred program. There are also equine research grants awarded by the Commission.

### **Racing Investigative Expense Fund - K.S.A. 74-8835**

All expenses of investigation of an applicant's qualifications for an organization license, facility owner license or facility manager license are paid from this fund. Whenever another state agency assists the Commission in investigations and incurs costs in addition to those attributed to operations of the agency, those costs are paid from this fund. The applicant reimburses the Commission for all costs related to their investigation.

### **Greyhound Breeding Development Fund - K.S.A. 74-8831**

This fund's revenue is derived from unclaimed winning tickets from greyhound races. Fifteen percent of the receipts are transferred to the Greyhound Tourism Fund. Thirty-five percent of the receipts are used to fund research conducted within the State of Kansas relating to the prevention of injury and disease of greyhounds. Fifty percent of the receipts are returned to the track where they were used to supplement stakes races for Kansas-whelped greyhounds.

### **Racing Reimbursable Expense Fund - K.S.A. 74-8827**

All fees for processing fingerprints of licensees are deposited to this fund. The expenses incurred for the processing of fingerprints of licensees are paid from this fund.



## **Racing and Gaming Commission Funds Fiscal Year 2005**



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### **Racing Applicant Deposit Fund - K.S.A. 74-8828**

An applicant proposing to construct a racetrack facility is required at the time of making application to make a deposit. If the racetrack is constructed in accordance with the terms of the application, the deposit and interest are refunded. If the applicant fails to complete the racetrack facility in accordance with terms, the deposit and interest are forfeited by the applicant.

### **Tribal Gaming Fund - K.S.A. 74-9808**

All amounts collected by the state gaming agency pursuant to tribal-state gaming compacts are deposited to this fund. All operating expenses of the state gaming agency are paid from this fund.



## Departments of the Commission



### Licensing

The Licensing Division ensures the integrity of racing and wagering in Kansas by identifying, licensing and conducting background checks on individuals who work at the racetrack facility, owners of the racing animals, and industry personnel participating in racing. These individuals are required to obtain an occupation license and undergo a background check before working or racing animals at the facility. In addition, licenses are granted to facility owners, facility managers, non-profit organizations, concessionaires, racing and wagering equipment and services, and simulcasting entities. Officers, directors and owners of these entities are subject to background investigations before a license is granted by the Commission.

#### Occupation Licenses

In 2004 there were 3,590 occupation licenses issued and in 2005 the commission issued 3,339 licenses to industry personnel and racetrack personnel during the license year. One-year and three-year occupation licenses were issued in different license categories for the race meets at the Woodlands, Wichita Greyhound Park and the county fairs. Over 600 sets of fingerprints in 2004 and over 560 sets of fingerprints in 2005 were submitted to the Kansas Bureau of Investigation for background checks. Licensees were able to participate in the fingerprint reciprocity program in lieu of submitting fingerprint cards. Licensees submitted fingerprint reciprocity forms for 13 different racing jurisdictions in both 2004 and 2005 that were recognized by the commission. These reciprocity records were then verified with the specific jurisdiction in order to complete the background check on the licensee. Facility and organization licensee payrolls were checked monthly to ensure employees were properly licensed and racing proofs were checked to verify owners, trainers, jockeys and entities were properly licensed and registered prior to racing.

#### Registrations

Stable names, kennel names, corporations, partnerships, syndicates and other entities that own racing animals, which participated in racing in Kansas, were required to register with the commission. Entities filed 422 registrations during the 2004 license year and 368 registrations in 2005. Owners of these entities were required to obtain an occupation license.

#### Concessionaire and Racing and Wagering Equipment and Services Licenses

Concessionaire licenses are required before any entity may sell goods or services at a racetrack facility. There were 85 concessionaire licenses granted in 2004 to entities providing animal feed, tack and supplies as well as food and beverage concessions and video and photo finish products. Also included in these was 1-3 day Special Class Concessions for special events such as craft shows, train shows, etc. In 2005, 46 concessionaire licenses were granted to businesses selling goods and services at the racetrack facilities. Racing and Wagering Equipment and Services licenses were issued to entities providing equipment and services to facility and organization licensees during 2004 and 2005. These included services such as totalisator, photo finish, video replay and starting gates. There were seven entities in 2004 and ten entities in 2005 that were granted Racing and Wagering Equipment and Services licenses.



## Departments of the Commission



### Animal Health

The Kansas pari-mutuel racing act provides that the commission appoint an animal health officer and assistants to advise the commission in matters of veterinary medicine. At all times they are to serve and protect the health and well being of the racing animals. The animal health officer serves on the commission staff in Topeka, and two assistants serve at each racetrack.

The animal health officers are responsible for conducting veterinary services for racing animals. This includes physical examinations prior to racing and observation for lameness, illness, or any other condition which would prevent the animal from racing to its potential. They are also responsible for treating emergencies of a veterinary nature encountered during the running of the race. In consultation with the racing judges or stewards, the animal health officers help determine which animals may be scratched from racing due to injury, disease, or disability.

Racing animals are subject to drug testing to deter the use of drugs to influence the outcome of a race. The animal health officer at each track is charged with obtaining blood and/or urine samples to be submitted to the official testing laboratory. A concerted effort is made to obtain the desired specimens from the animals and deliver them to the laboratory under strict chain of custody procedures so that a given specimen is unadulterated and from the identified animal.

During 2004 and through October 2005, the racing chemistry was performed by Truesdail Laboratories in Tustin, California. Testing in November and December 2005 was performed under a new contract by Center for Tox Services in Tempe, Arizona. The results of the testing programs are as follows:

<u>Source</u>	<u>Urine</u>	<u>Blood</u>	<u>Total</u>	<u>Number of Positives</u>
2004				
Equine	963	1020	1,983	25
Greyhound	8,607	0	8,607	8
2005				
Equine	985	1016	2,001	16
Greyhound	8,884	0	8,884	11



## Departments of the Commission



### **Racing Division**

Parimutuel wagering and racing activities at each racetrack is under the general authority and supervision of the Commission's appointed greyhound racing judges and horse racing stewards. The judges/stewards may interpret the regulations and order appropriate action to ensure a fair race and to protect the best interests of racing. The stewards and judges conduct administrative hearings; levy penalties on licensees; observe each race to ensure races are conducted in accordance with the regulations; determine the official winner and respective positions; maintain a detailed written account of each question, dispute, protest, complaint and objection; excuse any racing animal that is unfit or ineligible to run; submit and file for each performance a written judges/stewards report for each performance to the commission office.

### **Security Division**

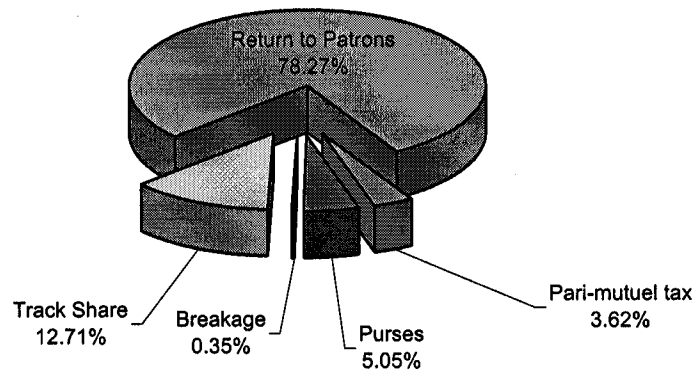
Security personnel are vested with the power and authority of law enforcement officers in the execution of the duties imposed upon the commission by the provision of the parimutuel racing act. The division's goal is to ensure licensees involved in racing activities are honest, to be proactive and responsive to confidential information concerning potential illegal activities, and to eliminate and/or reduce the potential for accidents. The commission appointees serving as security personnel work towards achieving the goal by investigating violations of the race act, conducting search and seizures, and enforcing all criminal laws of the State. The security personnel also conduct background investigations for various management positions within the racing industry as well as those for all commission employees.



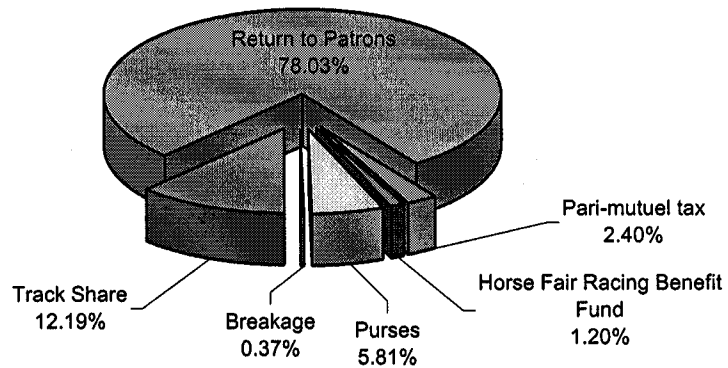
## The Wagering Dollar



### Live Racing - 2004



### Simulcast Racing - 2004



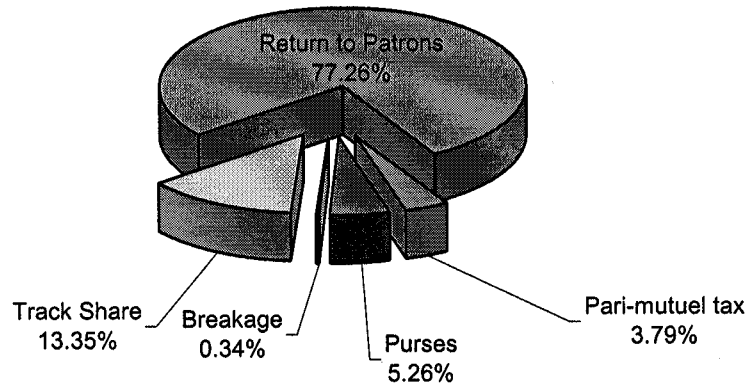




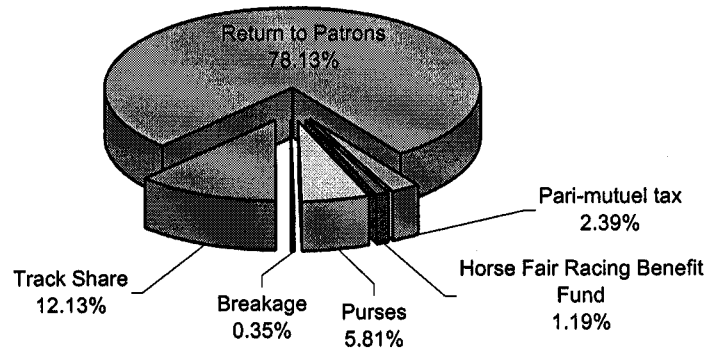
## The Wagering Dollar



### Live Racing - 2005



### Simulcast Racing - 2005





# Track Statistics

For Calendar Years 2004 and 2005



	Woodlands Kansas City, KS		Wichita Greyhound Park Valley Center, KS		Camptown Frontenac, KS
Handle	2004	2005	2004	2005	n/a
Live					
Horse	\$ 1,842,343	\$ 1,458,278	\$ -	\$ -	\$ -
Greyhound	13,325,192	11,751,730	8,103,935	6,654,562	-
Total live handle	15,167,535	13,210,008	8,103,935	6,654,562	-
Simulcast					
Horse	33,796,365	31,616,403	11,426,485	11,198,498	-
Greyhound	11,643,968	10,680,226	14,070,361	11,650,703	-
Total simulcast handle	45,440,333	42,296,629	25,496,846	22,849,201	-
Total handle	\$ 60,607,868	\$ 55,506,637	\$ 33,600,781	\$ 29,503,763	\$ -
Outbound Simulcast Handle					
Live Horse	\$ 4,072,722	\$ 5,198,052	-	-	-
Live Greyhound	6,342,713	5,807,588	-	-	-
Total Outbound Simulcast	\$ 10,415,435	\$ 11,005,640	\$ -	\$ -	\$ -
Purses					
Live					
Horse	\$ 128,469	\$ 103,585	\$ -	\$ -	\$ -
Greyhound	635,090	580,298	404,396	356,718	-
Total live purses	763,559	683,883	404,396	356,718	-
Simulcast					
Horse	1,438,430	1,342,937	166,013	162,738	-
Greyhound	1,201,227	1,113,875	1,316,333	1,165,586	-
Total simulcast purses	2,639,657	2,456,812	1,482,346	1,328,324	-
Total purses	\$ 3,403,216	\$ 3,140,695	\$ 1,886,742	\$ 1,685,042	\$ -
Race days					
Live					
Horse	30	26	-	-	-
Greyhound	243	237	223	254	-
Total race days	273	263	223	254	-
Performances					
Live					
Horse	30	52	-	-	-
Greyhound	288	285	267	305	-
Total live performances	318	337	267	305	-
Simulcast					
Horse	4,207	4,178	4,592	4,768	-
Greyhound	4,374	3,849	6,506	6,188	-
Total simulcast performances	8,581	8,027	11,098	10,956	-
Total performances	8,899	8,364	11,365	11,261	-
Attendance					
Live/simulcast					
Horse	44,405	30,563	-	-	N/A
Greyhound	317,206	297,546	172,209	157,644	-
Total attendance	361,611	328,109	172,209	157,644	-



# Track Statistics

For Calendar Years 2004 and 2005



Handle	Eureka Downs Eureka, Kansas		Anthony Downs Anthony, Kansas	
	2004	2005	2004	2005
Live				
Horse	\$ 290,208	\$ 281,529	\$ 155,358	\$ 103,081
Greyhound	-	-	92,219	56,547
Total live handle	290,208	281,529	247,576	159,628
Simulcast				
Horse	140,283	126,471	-	-
Greyhound	-	-	-	-
Total simulcast handle	140,283	126,471	-	-
Total handle	\$ 430,491	\$ 408,000	\$ 247,576	\$ 159,628
Outbound Simulcast Handle				
Live Horse	-	-	-	-
Live Greyhound	-	-	-	-
Total Outbound Simulcast	\$ -	\$ -	\$ -	\$ -
Purses				
Live				
Horse	\$ 19,485	\$ 18,847	\$ 10,519	\$ 6,978
Greyhound	-	-	4,294	2,632
Total live purses	19,485	18,847	14,813	9,610
Simulcast				
Horse	8,153	7,351	-	-
Greyhound	-	-	-	-
Total simulcast purses	8,153	7,351	-	-
Total purses	\$ 27,637	\$ 26,198	\$ 14,813	\$ 9,610
Race days				
Live				
Horse	21	19	6	6
Greyhound	-	-	6	6
Total race days	21	19	12	12
Performances				
Live				
Horse	21	19	6	6
Greyhound	-	-	6	6
Total live performances	21	19	12	12
Simulcast				
Horse	38	40	-	-
Greyhound	-	-	-	-
Total simulcast performances	38	40	-	-
Total performances	59	59	12	12
Attendance				
Live/simulcast				
Horse	8,173	8,949	3,335	2,094
Greyhound	-	-	3,335	2,093
Total attendance	8,173	8,949	6,670	4,187



## Track Statistics

For Calendar Years 2004 and 2005



Handle	Overall Totals	
	2004	2005
Live		
Horse	\$ 2,287,909	\$ 1,842,888
Greyhound	21,521,346	18,462,839
Total live handle	23,809,254	20,305,727
Simulcast		
Horse	45,363,133	42,941,372
Greyhound	25,714,329	22,330,929
Total simulcast handle	71,077,462	65,272,301
Total handle	\$ 94,886,716	\$ 85,578,028
Outbound Simulcast Handle		
Live Horse	\$ 4,072,722	\$ 5,198,052
Live Greyhound	6,342,713	5,807,588
Total Outbound Simulcast	\$ 10,415,435	\$ 11,005,640
Purses		
Live		
Horse	\$ 158,472	\$ 129,410
Greyhound	1,043,780	939,648
Total live purses	1,202,252	1,069,058
Simulcast		
Horse	1,612,596	1,513,026
Greyhound	2,517,560	2,279,461
Total simulcast purses	4,130,156	3,792,487
Total purses	\$ 5,332,408	\$ 4,861,545
Race days		
Live		
Horse	57	51
Greyhound	472	497
Total race days	529	548
Performances		
Live		
Horse	57	77
Greyhound	561	596
Total live performances	618	673
Simulcast		
Horse	8,837	8,986
Greyhound	10,880	10,037
Total simulcast performances	19,717	19,023
Total performances	20,335	19,696
Attendance		
Live/simulcast		
Horse	55,913	41,606
Greyhound	492,750	457,283
Total attendance	376,454	341,245



# Track Statistics

For Calendar Years 2004 and 2005



	Woodlands Kansas City Kansas		Wichita Greyhound Park Valley Center, Kansas		Camptown Frontenac, KS
	2004	2005	2004	2005	n/a
<b>Parl-mutuel tax</b>					
Live					
Horse	\$ 64,225	\$ 51,775	\$ -	\$ -	\$ -
Greyhound	476,193	435,048	303,182	267,397	-
Total live pari-mutuel tax	540,418	486,823	303,182	267,397	-
Simulcast					
Horse	1,144,472	1,075,558	409,163	399,962	-
Greyhound	450,081	406,300	546,490	452,751	-
Total simulcast pari-mutuel tax	1,594,553	1,481,858	955,653	852,713	-
Total pari-mutuel tax	\$ 2,134,971	\$ 1,968,681	\$ 1,258,835	\$ 1,120,110	\$ -
<b>Outs</b>					
Live					
Horse	\$ 13,984	\$ 14,241	\$ -	\$ -	\$ -
Greyhound	95,095	79,479	78,755	76,642	-
Total live outs	109,079	93,720	78,755	76,642	-
Simulcast					
Horse	171,328	140,276	58,165	59,112	-
Greyhound	54,182	46,261	66,208	57,703	-
Total simulcast outs	225,510	186,537	124,373	116,815	-
Total outs	\$ 334,589	\$ 280,257	\$ 203,128	\$ 193,457	\$ -
<b>Breakage</b>					
Live					
Horse	\$ 12,051	\$ 9,625	\$ -	\$ -	\$ -
Greyhound	45,208	35,490	21,471	19,062	-
Total live breakage	57,259	45,115	21,471	19,062	-
Simulcast					
Horse	168,857	147,715	47,371	43,562	-
Greyhound	25,174	22,702	21,917	16,609	-
Total simulcast breakage	194,031	170,417	69,288	60,171	-
Total breakage	\$ 251,290	\$ 215,532	\$ 90,759	\$ 79,233	\$ -
<b>Admission tax</b>					
Live/Simulcast					
Horse	n/a	n/a	n/a	n/a	n/a
Greyhound					
Total admission tax	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other taxes &amp; fees</b>					
Daily license fees	\$ 62,200	\$ 62,000	\$ 72,400	\$ 72,000	-
Licensing	63,872	53,086	29,575	21,655	-
Fines	25,235	11,309	8,293	7,230	-
Local ad valorem tax	-	-	-	-	-
Total other taxes & fees	\$ 151,307	\$ 126,395	\$ 110,268	\$ 100,885	\$ -



**Track Statistics**  
For Calendar Years 2004 and 2005



	<b>Eureka Downs</b> <b>Eureka, Kansas</b>		<b>Anthony Downs</b> <b>Anthony, Kansas</b>	
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
<b>Pari-mutuel tax</b>				
Live				
Horse	\$ 9,747	\$ 9,428	\$ 5,263	\$ 3,491
Greyhound	-	-	3,221	1,974
Total live pari-mutuel tax	<u>9,747</u>	<u>9,428</u>	<u>8,484</u>	<u>5,465</u>
Simulcast				
Horse	4,469	4,003	-	-
Greyhound	-	-	-	-
Total simulcast pari-mutuel tax	<u>4,469</u>	<u>4,003</u>	<u>0</u>	<u>0</u>
Total pari-mutuel tax	<u>\$ 14,215</u>	<u>\$ 13,431</u>	<u>\$ 8,484</u>	<u>\$ 5,465</u>
<b>Outs</b>				
Live				
Horse	\$ 3,530	\$ 5,956	\$ 2,138	\$ 1,361
Greyhound	-	-	1,081	2,294
Total live outs	<u>3,530</u>	<u>5,956</u>	<u>3,218</u>	<u>3,655</u>
Simulcast				
Horse	1,511	604	-	-
Greyhound	-	-	-	-
Total simulcast outs	<u>1,511</u>	<u>604</u>	<u>-</u>	<u>-</u>
Total outs	<u>\$ 5,041</u>	<u>\$ 6,560</u>	<u>\$ 3,218</u>	<u>\$ 3,655</u>
<b>Breakage</b>				
Live				
Horse	\$ 2,808	\$ 2,594	\$ 1,426	\$ 1,010
Greyhound	-	-	486	337
Total live breakage	<u>2,808</u>	<u>2,594</u>	<u>1,912</u>	<u>1,347</u>
Simulcast				
Horse	920	654	-	-
Greyhound	-	-	-	-
Total simulcast breakage	<u>920</u>	<u>654</u>	<u>-</u>	<u>-</u>
Total breakage	<u>\$ 3,728</u>	<u>\$ 3,248</u>	<u>\$ 1,912</u>	<u>\$ 1,347</u>
<b>Admission tax</b>				
Live/Simulcast				
Horse	\$ 1,431	\$ 1,577	\$ 819	\$ 510
Greyhound	-	-	819	509
Total admission tax	<u>\$ 1,431</u>	<u>\$ 1,577</u>	<u>\$ 1,638</u>	<u>\$ 1,019</u>
<b>Other taxes &amp; fees</b>				
Daily license fees	\$ 2,100	\$ 2,000	\$ 600	\$ 600
Licensing	8,235	10,848	1,478	1,479
Fines	4,300	1,950	430	700
Local ad valorem tax	1,635	1,790	1,334	837
Total other taxes & fees	<u>\$ 16,270</u>	<u>\$ 16,588</u>	<u>\$ 3,842</u>	<u>\$ 3,616</u>



# Track Statistics

For Calendar Years 2004 and 2005



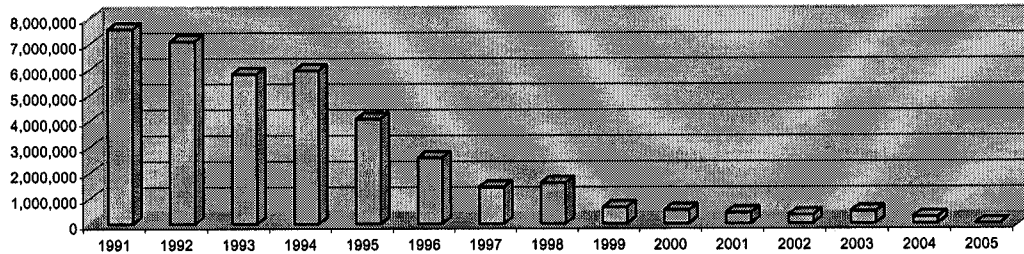
	Overall Totals	
	2004	2005
<b>Pari-mutuel tax</b>		
Live		
Horse	\$ 79,235	\$ 64,694
Greyhound	782,596	704,419
Total live pari-mutuel tax	861,831	769,113
Simulcast		
Horse	1,558,104	1,479,523
Greyhound	996,571	859,051
Total simulcast pari-mutuel tax	2,554,675	2,338,574
Total pari-mutuel tax	\$ 3,416,505	\$ 3,107,687
<b>Outs</b>		
Live		
Horse	\$ 19,652	\$ 21,558
Greyhound	174,931	158,415
Total live outs	194,583	179,973
Simulcast		
Horse	231,004	199,992
Greyhound	120,390	103,964
Total simulcast outs	351,394	303,956
Total outs	\$ 545,976	\$ 483,929
<b>Breakage</b>		
Live		
Horse	\$ 16,284	\$ 13,229
Greyhound	67,165	54,889
Total live breakage	83,450	68,118
Simulcast		
Horse	217,148	191,931
Greyhound	47,091	39,311
Total simulcast breakage	264,239	231,242
Total breakage	\$ 347,689	\$ 299,360
<b>Admission tax</b>		
Live/Simulcast		
Horse	\$ 2,251	\$ 2,087
Greyhound	819	509
Total admission tax	\$ 3,070	\$ 2,596
<b>Other taxes &amp; fees</b>		
Daily license fees	\$ 137,300	\$ 136,600
Licensing	103,160	87,068
Fines	38,258	21,189
Local ad valorem tax	2,969	2,627
Total other taxes & fees	\$ 281,687	\$ 247,484



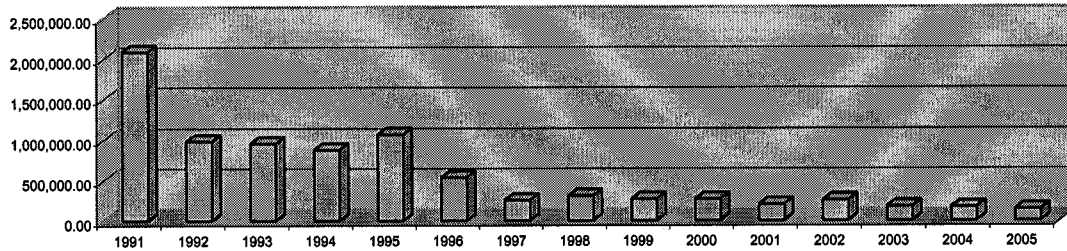
## Benefits of Parimutuel Racing



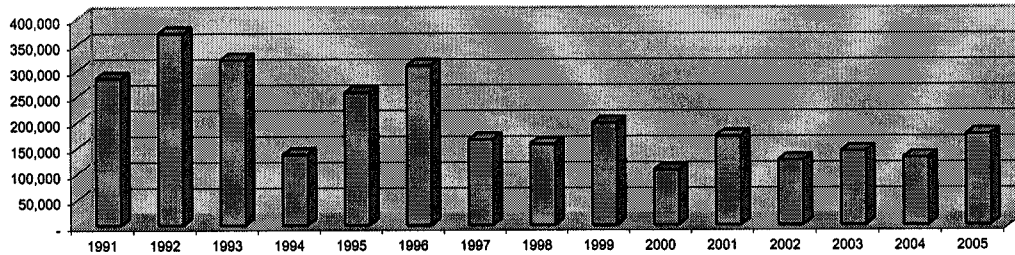
**Transfers to State Gaming Revenue Fund**



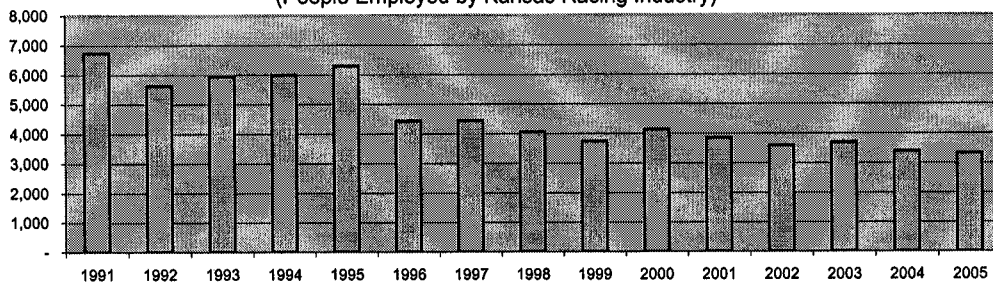
**Charitable Contributions**



**Research Grants Funded**



**Occupational Licenses Issued  
(People Employed by Kansas Racing Industry)**







## CHARITABLE CONTRIBUTIONS



The Kansas parimutuel racing act directs that each organization licensee must distribute net earnings to 501(c)(3) nonprofits who are domiciled in and who will expend the monies in Kansas. The following schedule indicates the amount of charitable contributions by each organization licensee:

	Calendar Year	
	<u>2004</u>	<u>2005</u>
TRAK East	\$ 75,501.57	\$ 75,457.43
Wichita Greyhound Charities, Inc.	\$ 94,311.42	\$ 69,735.00

TRAK East is associated with the Woodlands Race Course and Woodlands Kennel Club. Wichita Greyhound Charities, Inc. is associated with Wichita Greyhound Park. The following reflects how these charitable distributions improve the quality of life for Kansans:

### **TRAK EAST, INC.**

#### **(15 CONTRIBUTIONS)**

Cancer Action, Inc.	\$ 5,500.00
Caritas Clinics, Inc.	6,522.43
Catholic Charities	7,000.00
Central Avenue Betterment Association	5,000.00
CHWC, Inc. (Catholic Housing of Wy. Co.)	5,000.00
Donnelly College	10,000.00
Greyhound Support in Kansas City	4,500.00
Heart of America Family Services	3,500.00
Kansas Jaycees' Cerebral Palsy Foundation	6,813.50
KVC Behavioral Healthcare	5,000.00
Leavenworth Road Association	5,000.00
National Multiple Sclerosis Society, Mid-America Chapter	3,864.00
SAFEHOME, Inc.	2,600.00
The Capper Foundation	2,847.50
YMCA of Greater Kansas City	<u>2,310.00</u>
Total	\$75,457.43



## CHARITABLE CONTRIBUTIONS



### WICHITA GREYHOUND CHARITIES, INC.

#### (26 CONTRIBUTIONS)

Boys and Girls Club of South Central Kansas	\$ 7,150.00
CASA: A Voice for Children, Inc.	5,000.00
Catholic Charities, Inc.	1,500.00
Derby Community Foundation	2,500.00
Dress for Success Wichita	1,750.00
Harvey County Habitat for Humanity	1,500.00
Horse Power in Kansas	3,000.00
Inter-Faith Ministries	4,500.00
The Kansas African American Museum	1,000.00
Kansas Health Ethics	3,265.00
Medical Service Bureau, Inc.	2,500.00
Metropolitan Ballet of Wichita	3,000.00
Old Cowtown Museum	3,000.00
Race The Wind Greyhound Adoption, Inc.	4,000.00
SIDS Network of Kansas	1,500.00
South Central Kansas Economic Development District	2,000.00
TLC Greyhound Adoption	2,750.00
United Methodist Urban Ministry of Wichita	1,500.00
Wichita Area Girl Scouts	2,000.00
Wichita Chamber Chorale, Inc.	1,500.00
Wichita Community Foundation	2,500.00
The Wichita Convention & Sports Foundation	3,500.00
Wichita Festivals, Inc.	2,235.00
Wichita Jazz Festival, Inc.	3,000.00
Wichita Symphony Society	2,000.00
Youth Entrepreneurs of Kansas	1,585.00
Total	<u>\$ 69,735.00</u>